

MICHIGAN TECH PRACTICE FOR COST SHARING ON SPONSORED PROJECTS

I. PRACTICE

Michigan Tech policy requires that mandatory cost sharing on federal, state, and private non-profit awards shall be provided by various sources. These types of awards are important in fulfilling Michigan Tech's mission, and therefore no principal investigator should be denied the opportunity to submit to a program that mandates cost sharing.

II. DEFINITIONS

Cost Sharing – The portion of the total costs of a sponsored project that is borne by the University rather than the sponsor.

Blue - Sponsored Programs/Sponsored Programs Accounting track

Green – discouraged, however Sponsored Programs and Sponsored Programs Accounting both track

Brown – Generally "Effort" tracked in General Fund Departmental Research Accounts

There are three classifications of Cost Sharing defined below:

A. MANDATORY COST SHARING is required by statute or the sponsor's program requirements or solicitation as a condition of the proposal/agreement. This type of cost sharing is always pledged in the proposal.

B. VOLUNTARY-COMMITTED COST SHARING is pledged in the proposal.

Cost sharing not required by the sponsor as a condition of proposal submission, but proposed in the sponsored project budget or budget justification. Once offered by the institution and agreed to by the sponsor, this becomes an obligation that the institution must fulfill. Cost sharing that is proposed in the budget or budget justification becomes a commitment upon execution of the award agreement. When cost sharing proposed in the narrative is specific and quantified, it also becomes a binding commitment upon execution of the award agreement. At times, the sponsor may not consider the cost sharing obligatory, however, as required by the Office of Management and Budget (OMB) in Circular A21 (Cost Principles for Educational Institutions), Michigan Tech must document and record this type of cost sharing in the organized research base for Facilities and Administrative (IDC) cost calculation purposes.

C. VOLUNTARY-UNCOMMITTED COST SHARING is normally faculty "Effort", or can be any additional line items over and above that which is pledged and budgeted for in a sponsored proposal/agreement. Voluntary Uncommitted cost sharing is internally committed cost sharing that did not have a quantifiable commitment in the proposal narrative, budget, or budget justification. VUCS can be documented on a Cost Sharing Matching Support Form or recorded in the project account and does not need to be captured in the organized research base.

III. CATEGORIES OF COST SHARING

A. EFFORT

If faculty offer (in proposal narrative, budget, or budget justification) to devote a portion of their effort to the project, Federal auditors view this commitment as binding, and it must be separately accounted for. Faculty should therefore minimize the amount of voluntary committed effort shown in the proposal narrative, budget, or budget justification. This should in

no way encourage faculty to devote less effort, or to report incompletely or inaccurately their commitments.

Below are narrative SUGGESTIONS for principal investigators to describe voluntary-uncommitted effort. The PI should not make specific non-mandatory commitments to specific sponsored projects.

- Professor X is compensated fully for the academic year with the expectation that they will devote a portion of their effort to research.
- Professor X will direct all research activities associated with the project....
- Professor X will oversee all aspects of the project.....
- Professor X will participate in the project at every stage....
- Professor X will provide scientific direction and supervision for the project....

Current and Pending Support

The Office of Management and Budget (OMB) recognizes that effort shown on the “Current and Pending Support” pages of a proposal are not binding commitments on successful proposals. However, estimates of effort (**mandatory and voluntary-committed**) that are expended on each funded proposal should be consistent with the specific level of commitment in the budget and narrative. **Voluntary-Uncommitted** “effort” disclosed in the current and pending support document does not require a Cost Sharing Matching Support Authorization form.

B. OTHER DIRECT COSTS

Careful consideration should be used when determining total project costs. The university does not want to overstate cost sharing commitments. The source of funds is required at the proposal stage, whether the cost sharing described is mandatory or voluntary-committed.

C. GRADUATE STUDENT SUPPORT

If the Graduate School has made a commitment to cost sharing doctoral student support on a project, unlike other cost sharing, funds from the Graduate School are not automatically transferred into the research account. Graduate School policy REQUIRES the following criteria be met before the release of funds will be made:

- Nominations for students, where cost sharing support is requested, need to be submitted and approved by the Graduate School. This is true for both stipend and tuition & fee cost sharing.
- All sponsor-budgeted doctoral students (GRAs) must be on payroll and expended between the start and end date of the project.

The nomination form can be found at the following web-site under Department Forms:

<http://www.mtu.edu/gradschool/administration/academics/forms-deadlines/>

For specific questions regarding graduate student support, contact the Graduate School at 7-2327.

D. EXTERNAL THIRD PARTY IN-KIND COST SHARING

If a third party has made a commitment to provide external cost share (generally in-kind), a letter of commitment must be provided by that party at the proposal stage, and if funded, the external party must provide documentation to support their commitment. Specific *External Third Party In-Kind Cost Share* guidelines can be found at:

http://www.mtu.edu/research/references/forms/pdf/external_third_party.pdf

E. FACILITIES AND ADMINISTRATIVE COSTS

Michigan Tech generally does not waive or reduce facilities and administrative costs on projects proposed to for-profit organizations or to meet the sponsor's cost sharing requirements (unless the sponsor mandates a lower facilities and administrative cost rate for all grant recipients).

IV. PROCEDURES FOR COST SHARING ON SPONSORED PROJECTS

A. PROPOSAL SUBMISSION

If the proposal includes any **quantifiable** commitment (mandatory or voluntary-committed) in the narrative, budget or budget justification, a Cost Sharing/ Matching Support Authorization Form must be completed. The form can be found at:

<http://www.mtu.edu/research/administration/sponsored-programs/pdf/cost-share.pdf>

B. MODIFICATION (after the project begins)

Michigan Tech cost sharing must be used for the intent disclosed in the proposal and documented on the cost sharing/matching support authorization form. If a change in a cost sharing category (ie: salaries, supplies, equipment, external in-kind) is anticipated, a request for modification form and a revised cost sharing/matching support authorization form (with new authorizations) must be filled out and forwarded to the Sponsored Programs Office. Any questions as to whether a request for sponsor's approval is required, should be directed to the Sponsored Programs Office.

Below are examples of situations that could exist which would require a cost sharing modification:

- The PI discovers he/she will not meet the Mandatory or Voluntary Committed cost sharing. This will require either sponsor approval for the change, or another source of cost sharing funds will need to be identified.
- The PI or Co-PI's effort changes, such as a change in workload, an upcoming sabbatical leave, a leave of absence, or leaving the University for a new place of employment.
- If a reduction in GACS (Graduate Assistant support by the Graduate School) support is anticipated or if you are unable to locate a sufficient number of qualified doctoral students.
- If a shift of GACS from one budget period to the next is anticipated.

The Request for Modification form and the Cost Sharing/Matching Support Authorization form can be found at:

<http://www.mtu.edu/research/references/forms/>

Instructions and Guidelines for projects which include external in-kind support can be found at:

http://www.mtu.edu/research/references/forms/pdf/external_third_party.pdf

IV. RESPONSIBILITIES

The principal investigator and department are responsible for administering the cost sharing requirements as stated in the proposal. Endorsement on the transmittal indicates approval for the project, cognizance of risks, administrative and fiscal obligations, and confirmation that appropriate space, facilities, and financial support (if necessary).

A. The Principal Investigator is responsible for:

- Assurance of appropriateness, reasonableness, timeliness and allowability of expenditures
- Management of expenditures within start and end dates, not to exceed award amount
- Documenting of cost-share/matching funds if required
- Review and approve in-kind cost sharing
- Initiation of requests for re-budgeting and cost transfers

B. The Department Chair or School Dean is responsible for:

- Approval of departmental cost-share and space requirements
- Cost-share shortfalls, both cash and third party in-kind
- Approval of substantial modification or re-budgeting